## **Electronically Recorded**

**Tarrant County Texas** 

NOTICE OF CONFIDENTIALITY RIGHTS: A NATURAL PERSON MAYOREMOVE OR STRIKE ANY OR ALL

OF THE FOLLOWIN A STATE OF THE SUBLICERECORDS OF SOCIAL SECURITY NUMBER.

XTO REV PROD 88 (7-69) PAID UP (04/17/07)B

## OIL, GAS AND MINERAL LEASE

THIS AGREEMENT made this 4th day of <u>September</u>, 2008, between Charles S. O'Neal and Kristy D. O'Neal, husband and wife, Lessor (whether one or more), whose address is:9013 Wild Horse Drive, North Richland Hills, Texas 76180, and XTO Energy Inc., whose address is:

1. Lessor, in consideration of ten dollars and other valuable consideration, receipt of which is hereby acknowledged, and of the covenants and agreements of Lessee hereinafter contained, does hereby grant, lease and let unto Lessee the land covered hereby for the purposes and with the exclusive right of exploring, drilling, mining and operating for, producing and owning oil, gas, sulphur and all other minerals (whether or not similar to disposal of salt water, construct roads and bridges, dig canals, build tanks, power stations, telephone lines, employee houses and other produced from the land covered hereby or any other land adjacent thereto. The land covered hereby, herein called "said land," is located in the

0.260 acres, more or less, out of the T. Martin Survey, Abstract No. 1055 and being Lot 5, Block 5, Woodland Oaks Addition, an Addition to the City of North Richland Hills, Tarrant County, Texas, according to the plat recorded in Cabinet A, Slide 5791, Plat Records of Tarrant County, Texas and being those same lands particularly described in a Warranty Deed dated June 23, 2004 from James M. Stephens to Charles S. O'Neal and wife Kristy D. O'Neal, recorded thereof in Document No. D204210160, Deed Records, rights.

This is a non-development Oil, Gas and Mineral Lease, whereby Lessee, its successors or assigns, shall not conduct any operations, as defined herein, on the surface of said lands. However, Lessee shall have the right to pool or unitize said lands, or part thereof, with other lands to comprise an oil and/or gas development unit. It is the intention of Lessor to allow Lessee to explore for oil and/or gas without using the surface of nortion of this lease.

This clause shall take precedence over any references to surface operations contained within the preprinted

This lease also covers and includes, in addition to that above described, all land, if any, contiguous or adjacent to or adjoining the land above described and (a) owned or claimed by Lessor by limitation, prescription, possession, reversion, after-acquired title or unrecorded instrument or of a more complete or accurate description of said land. For the purpose of determining the amount of any bonus or other payment hereunder, said land shall be deemed to contain 0.260 acres, whether actually containing more or less, and the above recital of acreage in options hereunder.

- 2. Unless sooner terminated or longer kept in force under other provisions hereof, this lease shall remain in force for a term of 3 years from the date hereof, hereinafter called "primary term," and as long thereafter as operations, as hereinafter defined, are conducted upon said land with no cessation for more than ninety (90) consecutive days.
- and with no cessation for more than ninety (90) consecutive days.

  3. As royalty, Lessee covenants and agrees: (a) To deliver to the credit of Lessor, in the pipe line to which Lessee may connect its wells, the posted market price of such 25%, part of all oil produced and saved by Lessee from said land, or from time to time, at the option of Lessee, to pay Lessor the average case, to bear 25%, of the cost of treating oil to render it marketable pipe line oil. On the pipe line or storage tanks, Lessor's interest, in either said land (1) when sold by Lessee 25%, of the amount realized by Lessee, computed at the mouth of the well, or (2) when used by Lessee of (c) To pay Lessor on all other manufacture of gasoline or other products, the market value, at the mouth of the well, or (2) when used by Lessee off (c) To pay Lessor on all other minerals mined and marketed or utilized by Lessee from said land, one-tent either in kind or value at the well or mineral primary term or at any time or times thereafter, there is any well on said land or lands with which said land or any portion thereof has been were being conducted on said land for so long as said wells are shut-in, this lease shall, nevertheless, continue in force as if no shut-in had said wells, but in the exercise of such diligence, Lessee shall not be obligated to install or furnish facilities of how lines, separator, and lease tank, and shall not be required to settle labor trouble or to market gas upon terms under the expirations on said land, then at or before the expiration of said ninety day period. Lessee shall now the obligated to install or furnish facilities of how lines, separator, and lease tank, and shall not be required to settle labor trouble or to market gas upon terms under the expiration of the primary term, all such wells are shut-in, this lease is the time of payment well racines and ordinary to Lessee, for any time or times after the expiration of the primary term, all such wells are shut-in for a period of ninety consecutive days, and che
- hereof. In the event of assignment of this lease in whole or in part, liability for payment hereunder shall rest exclusively on the then owner or owners of this lease, severally as to acreage owned by each.

  4. Lessee is hereby granted the right, at its option, to pool or unitize any land covered by this lease with any other land covered by this lease, and/or with any other land, lease, or leases, as to any or all minerals or horizons, so as to establish units containing not more than 80 surface acres, plus 10% acreage tolerance, provided, however, units may be established as to any one or more horizons, or existing units may be of the following: (1) gas, other than self-plead gas, (2) liquid hydrocarbons (condensate) which are or or or existing units may be of the following: (1) gas, other than self-plead gas, (2) liquid hydrocarbons (condensate) which are ruits than any of those herein operation of a well at a regular location, or for obtaining maximum allowable from any well to be diffield, drilling, or permitted, either at the time established, or after enlargement, are permitted or required under any gomemental rule or order, for the drilling or be established or enlarged to conform of for obtaining maximum allowable from any well to be drilled, drilling, and the standard of the standard or the conformance of the standard or the provision, then such unit shall become effective as of the entrying such unit and filing it for record in the public office of the standard or on the port of the standard or on the port of the standard or one to time while this lease is in force, and whether before or after operations of said options may be established either on said land, or on the port of this lease even though there may be mineral, royally, or leasehold a unit established within the unit which are not effective at purposes of this lease even though there may be mineral, royally, or leasehold unit established within the unit which are not effectively provide or of this lease even though there may be mineral, roya

this lease but Lessee shall nevertheless have the right to pool or unitize as provided in this paragraph 4 with consequent allocation of production as herein provided. As used in this paragraph 4, the words "separate tract" mean any tract with royalty ownership differing, now or hereafter, either as to parties or amounts, from that as to any other part of the leased premises.

- 5. Lessee may at any time and from time to time execute and deliver to Lessor or file for record a release or releases of this lease as to any part or all of said land or of any mineral or horizon thereunder, and thereby be relieved of all obligations, as to the released acreage or interest.
- 6. Whenever used in this lease the word "operations" shall mean operations for and/or any of the following: preparing the drillsite location and/or access road, drilling, testing, completing, reworking, recompleting, deepening, sidetracking, plugging back or repairing of a well in search whether or not in paying quantities.
- 7. Lessee shall have the use, free from royalty, of water, other than from Lessor's water wells, and of oil and gas produced from said land in all operations hereunder. Lessee shall have the right at any time to remove all machinery and fixtures placed on said land, including the right to draw and remove casing. No well shall be drilled nearer than 200 feet to the house or barn now on said land without the consent of the Lesser. Lessee shall pay for damages caused by its operations to growing crops and timber on said land.
- 8. The rights and estate of any party hereto may be assigned from time to time in whole or in part and as to any mineral or horizon. All of the covenants, obligations, and considerations of this lease shall extend to and be binding upon the parties hereto, their heirs, successors, assigns, shall increase the obligations or diminish the rights of Lessee, including, but not limited to, the location and drilling of wells and the measurement change or division in the ownership of said land or constructive knowledge or notice thereof of or to Lessee, its successors or assigns, no be binding upon the then record owner of this lease until sixty (60) days after there has been furnished to such record owner at his or its or duly certified copies of the instruments which have been properly filed for record and which evidence such change or division, and of such validity of such change or division. If any such change in ownership occurs by reason of the death of the owner, Lessee may, nevertheless pay
- 9. In the event Lessor considers that Lessee has not complied with all its obligations hereunder, both express and implied, Lessor shall receipt of said notice within which to meet or commence to meet all or any part of the breaches alleged by Lessor. The service of said notice within which to meet or commence to meet all or any part of the breaches alleged by Lessor. The service of said notice (60) days after service of such notice on Lessee. Neither the service of said notice nor the doing of any acts by Lessee aimed to meet all or any lease is canceled for any cause, it shall nevertheless remain in force and effect as to (1) sufficient acreage around each well as to which there are such acreage to be designated by Lessee as nearly as practicable in the form of a square centered at the well, or in such shape as then easements on said land as are necessary to operations on the acreage so retained and shall not be required to move or remove any existing spacing rules require; and (2) any part of said land included in a pooled unit on which there are operations. Lessee shall also have such surface facilities necessary or convenient for current operations.
- 10. Lessor hereby warrants and agrees to defend title to said land against the claims of all persons whomsoever. Lessor's rights and interests hereunder shall be charged primarily with any mortgages, taxes or other liens, or interest and other charges on said land, but Lessor rights of the holder thereof and to deduct amounts so paid from royalties or other payments payable or which may become payable to the and/or assigns under this lease. If this lease covers a less interest in the oil, gas, sulphur, or other minerals in all or any part of said land than the moneys accruing from any part as to which this lease covers less than such full interest therein, then the royalties and other therein, if any, covered by this lease, bears to the whole and undivided fee simple estate therein. All royalty interest covered by this lease without regard to whether it is executed by all those named herein as Lessor.
- 11. If, while this lease is in force, at, or after the expiration of the primary term hereof, it is not being continued in force by reason of the shut-in well provisions of paragraph 3 hereof, and Lessee is not conducting operations on said land by reason of (1) any law, order, rule or regulation, (whether or not subsequently determined to be invalid) or (2) any other cause, whether similar or dissimilar, (except financial) beyond the reasonable control of Lessee, the primary term hereof shall be extended until the first anniversary date hereof occurring ninety (90) or more days following the removal of such delaying cause, and this lease may be extended thereafter by operations as if such delay had not occurred.
- 12. Lessor agrees that this lease covers and includes any and all of Lessor's rights in and to any existing well(s) and/or wellbore(s) on said land, other than existing water wells, and for all purposes of this lease the re-entry and use by Lessee of any existing well and/or wellbore shall be deemed the same as the drilling of a new well.
- 13. Notwithstanding anything to the centrary contained in this lease, at the option of Lessee, which may be exercised by Lessee giving notice to Lessor, a well which has been drilled and Lessee intends to frac shall be deemed a well capable of producing in paying quantities and the date such well is shut-in shall be when the drilling operations are completed.
- 14. As a result of land development in the vicinity of said land, governmental rules or ordinances regarding well sites, and/or surface restrictions as may be set forth in this lease and/or other leases in the vicinity, surface locations for well sites in the vicinity may drilling, reworking or other operations are either restricted or not allowed on said land or other leases in the vicinity, it is agreed that any lease, provided that such operations are associated with a directional well for the purpose of drilling, reworking, producing or other operations under said land or lands pooled therewith, shall for purposes of this lease be deemed operations conducted on said land. Nothing contained in this paragraph is intended to modify any surface restrictions or pooling provisions or restrictions contained in this

15. The consideration paid for this lease shall also constitute consideration for an option to the Lessee, its successors and assigns, to extend the initial three (3) year primary term for a second two (2) year term. This option may be exercised anytime during the initial notice to Lessor of exercise of the option. In the event Lessee elects to exercise this option and makes the bonus payment provided for above, then all terms of this lease shall remain in full force and effect as if the original primary term was five (5) years.

NINWINESS WHEREOF, this instrument is executed on the date first above written.

CHILDREN III

LESSOR: Charles S. O'Neal

v

LESSOR: Kristy D. O'Neal

COUNTY OF Tayrant } ss.

(ACKNOWLEDGMENT FOR INDIVIDUAL)

This instrument was acknowledged before me on the 4<sup>th</sup> day of September, 2008 by Charles S. O'Neal and Kristy D. O'Neal, husband and wife.

EVAN SCOTT VANDERBILT Notary Public, State of Texas My Commission Expires April 04, 2012

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Notary Public

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